

## Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 IO-13 ISO-00 L-03 FRB-03 OMB-01 ITC-01

SP-02 USIA-06 AGRE-00 AID-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC PRIORITY 9827

INFO USMISSION GENEVA PRIORITY

LIMITED OFFICIAL USE NEW DELHI 17451

E.O. 11652: N/A

TAGS: ETRD, EPAP, UNCTAD

SUBJECT: UNCTAD PREPARATORY CONFERENCE ON HARD FIBERS AND HARD  
FIBER PRODUCTS

REFTEL: (A) STATE 278679, (B) NEW DELHI 17368

1. EMBOFF DISCUSSED INTERNATIONAL COIR MARKET WITH MINISTRY  
COMMERCE JOINT SECRETARY V. C. PANDE DECEMBER 3. PANDE SAID  
BRIEFING PAPER FOR UNCTAD MEETING NEXT WEEK HAD BEEN PREPARED BY  
MINISTRY OFFICIALS HANDLING UNCTAD AND HE DID NOT RECALL CON-  
TENTS IN DETAIL (THOSE OFFICIALS HAVE BEEN OUT OF NEW DELHI FOR  
THE PAST TWO WEEKS). DURING DISCUSSION OF COI MARKET, PANDE  
MADE THE FOLLOWING POINTS WHICH MAY BE OF USE TO USDEL.

2. CLEARLY PRINCIPLE MATTER OF CONCERN TO PANDE WAS THE LACK OF  
EFFECTIVE DEMAND FOR COI. THIS HE ATTRIBUTED TO TWO DISTINCT  
FACTORS. (A) EUROPEAN COMMUNITY MARKET WAS RESTRICTED BY IMPORT  
QUOTAS. (TARIFF DUTIES ARE IN PROCESS OF BEING ELIMINATED.)  
THE EUROPEAN QUOTAS WERE THE PRINCIPLE CURRENT CONCERN OF THE  
COI INDUSTRY. PANDE SAID INDISTRY REPRESENTATIVES SPENT MORE  
TIME IN EUROPE THAN ANY OTHER INDIAN BUSINESS INTEREST. (B) COIR  
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HELD GREAT PROMISE FOR POTENTIAL USES, PARTICULARLY IN COM-

BINATION WITH OTHER PRODUCTS, NATURAL FIBERS AS WELL AS SYNTHETICS. HE FELT THE SURFACE HAD ONLY BEEN SCRATCHED IN THIS REGARD. HISTORICALLY MARKET RESEARCH AND DEVELOPMENT HAD BEEN CARRIED OUT BY EUROPEAN COIR PROCESSORS. THESE ENDEAVORS HAD LAGGED IN THE RECENT PAST AND NOTHING HAD REPLACED THEM. FURTHER, COUNTRIES PRODUCING HARD FIBERS DEALT WITH EACH OTHER AS COMPETITORS RATHER THAN COLLABORATORS FOR MARKET DEVELOPMENT PURPOSES AND SAME WAS TRUE OF SYNTHETIC INDUSTRY.

3. MARKET DEMAND WAS THE PRINCIPLE ISSUE BECAUSE SUPPLY WAS NOT A CONCERN. PANDE SAID ONLY A SMALL PART OF THE AVAILABLE INDIAN

COCONUT SUPPLY WAS USED IN THE PRODUCTION OF COI. SIMILARLY, PRICES WOULD BE LESS OF A PROBLEM IN EXPANDING MARKET BECAUSE NEW PRODUCTION COULD BE MORE HIGHLY MECHANIZED. MECHANIZATION OF COIR INDUSTRY AT CURRENT PRODUCTION LEVELS WAS POLITICALLY IMPOSSIBLE BECAUSE LABOR INTENSIVE PRODUCTION WAS NOW CONCENTRATED IN SMALL AREA OF INDIAN STATE OF KERALA. PANDE SAID INTERNATIONAL COIR PRICE WAS "TOO LOW" IN 1973/74 BUT HAD RISEN TO ADEQUATE LEVEL IN PAST TWO YEARS.

4. PANDE OFFERED NO CONCRETE PROPOSAL FOR IMPROVING COIR MARKET FROM INDIA'S POINT OF VIEW, ALTHOUGH HE WAS FAMILIAR WITH STUDIES OF FAO IN RECENT PAST. HE DID NOT RAISE THE SUBJECT OF A BUFFER STOCK OR OF PRICE FIXING ARRANGEMENT .

5. COMMENT:IT WILL BE INTERESTING TO SEE WHETHER, AS APPEARS TO HAVE BEEN THE CASE WITH JUTE, INDIAN DELEGATION TO HARD FIBER MEETING IS MORE COMMITTED TO FURTHERING THE CAUSE OF THE INTEGRATED PROGRAM OR TO RESOLVING REAL ISSUES WHICH GOI SEES IN PARTICULAR PRODUCT UNDER DISCUSSION.  
SCHNEIDER

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## Message Attributes

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